

Los Angeles

Industrial - Q3 2026

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Los Angeles industrial market maintains strong demand

In Q3 2026, the Los Angeles industrial market continued to see positive occupier movement, recording 1.4 million square feet (msf) of net absorption. This marked the second consecutive quarter of positive absorption, following last quarter's surge in demand. Most of the positive absorption occurred in the Commerce/Vernon and South Bay submarkets, while Mid-Counties saw 300,300 square feet (sf) of negative absorption. Notable tenant move-ins included International Cargo Terminals occupying 338,900 sf in San Pedro, Circular Galaxy occupying 305,000 sf in Vernon and CODA Logistics occupying 211,400 sf in Long Beach. As a result, vacancy decreased by 10 basis points (bps) from the prior quarter to 6.7%. The stability in vacancy over the past year indicates that the market has found a bottom and is now moving toward tighter conditions.

Warehouse rents flatten as vacancy declines

After 13 consecutive quarters of declining rental rates, the average asking rent was unchanged from the previous quarter at \$1.23 per square foot (psf), while vacancy continued to decline. Asking rents remain 7.7% lower than one year ago. Despite the downward trend, the current average is still 25.5% above values recorded in Q1 2020. The decline in rental rates has coincided with increased leasing volume as tenants take advantage of lower rates. However, tenants who signed leases five or more years ago are still experiencing significant rent increases as leases expire.

South Bay is being driven by two trends

Advanced manufacturing companies, particularly those focused on aerospace and defense, remain active due to the region's concentration of engineering talent and established aerospace infrastructure. Logistics, distribution and third-party logistics (3PL) companies also continue to drive demand, benefiting from the market's proximity to the Ports of Los Angeles and Long Beach. Together, these two demand drivers position the South Bay market for strong future leasing activity.

KEY STATISTICS

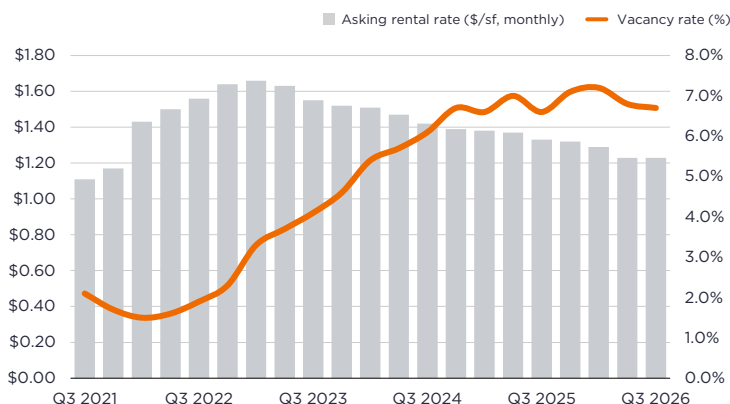
	Q3 2025	Q3 2026	Y-O-Y
Inventory	696.5 msf	701.3 msf	+4.8 msf
Vacancy rate	6.6%	6.7%	+10 bps
Asking rental rate (monthly)	\$1.33	\$1.23	-7.7%
Net absorption YTD	4.8 msf	5.1 msf	+0.3 msf
Deliveries YTD	3.8 msf	1.8 msf	-2.0 msf
Under construction	3.9 msf	5.8 msf	+1.9 msf

Outlook

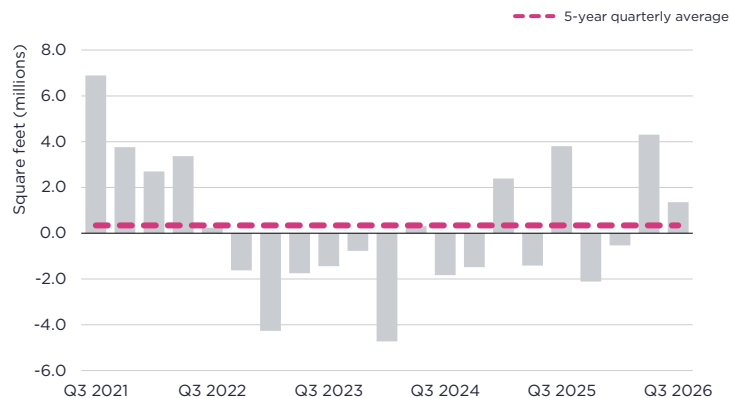
- 01** Vacancy will continue to decrease due to limited speculative construction volume and an increase in leasing activity.
- 02** Asking rental rates are expected to stabilize following steady positive absorption.

- 03** California AB 98's restriction standards that took effect in January 2026 will constrain large-scale warehouse development in infill markets.

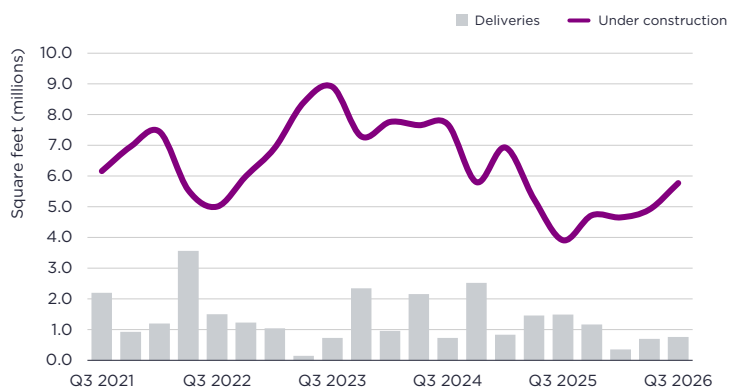
ASKING RENT AND VACANCY



NET ABSORPTION



DELIVERIES AND CONSTRUCTION



NOTABLE LEASES

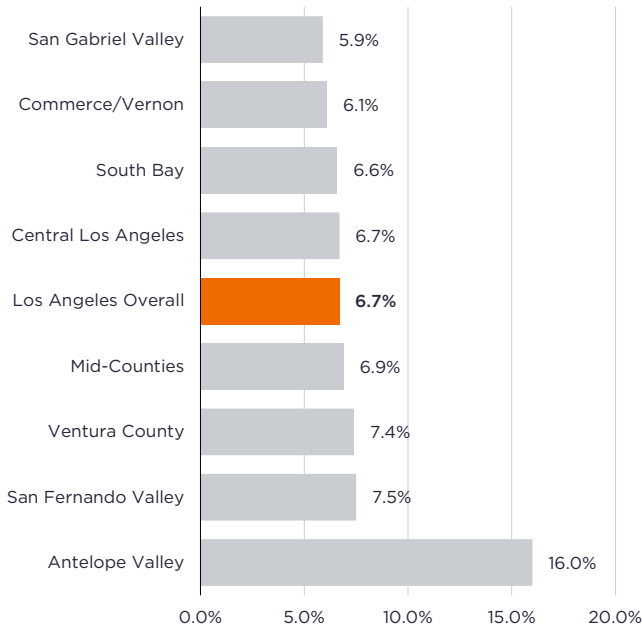
Source: Savills Research

Tenant	Size (SF)	Submarket	Address	Transaction type	Industry
International Cargo Terminals	338,936	South Bay	300-350 Westmont Drive	New Lease	Logistics & Distribution/3PLs
Ernest Packaging Solutions	273,000	Commerce/Vernon	2400 E Artesia Boulevard	Expansion	Logistics & Distribution/3PLs
SLA, Inc.	220,000	San Gabriel Valley	19465-19485 E Walnut Drive North	New Lease	Professional & Business Services
CODA Logistics & Distribution	211,446	South Bay	20974 S Santa Fe Avenue	New Lease	Logistics & Distribution/3PLs
AMP Logis Transportation	200,683	Commerce/Vernon	3030 S Atlantic Boulevard	New Lease	Logistics & Distribution/3PLs

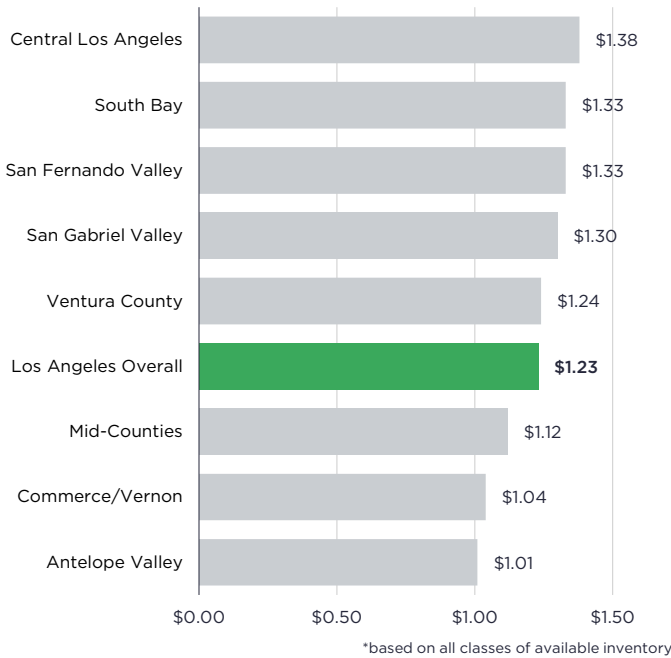
NEW DEVELOPMENTS

Developer / Tenant	Size (SF)	Submarket	Address	Development type	Status
Xebec	440,100	San Fernando Valley	15825 Roxford Street	Speculative (available)	Under Construction
Prologis / Pixior	283,600	Central Los Angeles	7400 E Slauson Avenue	Speculative (pre-leased)	Delivered Q3 2026
P&L Realty	281,900	Antelope Valley	605 W Technology Drive	Speculative (available)	Under Construction
Prologis	185,100	Mid-Counties	12300 Lakeland Road	Speculative (available)	Under Construction
Overton Moore Properties	181,000	South Bay	1210 E 223 rd Street	Speculative (available)	Under Construction

VACANCY RATE COMPARISON (%)
LOS ANGELES SUBMARKETS



RENTAL RATE COMPARISON (\$/SF)*
LOS ANGELES SUBMARKETS



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Unless otherwise noted, all rents quoted throughout this report are average asking net (NNN) rents per square foot. Statistics are calculated using both direct and sublease information. Current and historical vacancy and rent data are subject to change due to changes in inventory. The information in this report is obtained from sources deemed reliable, but no representation is made as to the accuracy thereof. Unless otherwise noted, source for data is Savills Research. Copyright © 2026 Savills